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Form No. 39
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AUDIT REPORT

30 June 1957

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1. CACG 23

Scope of Audit

2. The audit of the property records included: An examination and verification on a test basis of documents evidencing receipt, disposition, and issue of property; a review of property records and procedures to determine the adequacy of control over property for which [] is accountable; a review and examination of documents and procedures relating to the newly-installed Financial Property Accounting System; a review of Survey and Inventory Adjustment Procedures; a review of Motor Vehicle Records and Procedures; and a review of procedures and records relating to real property leased for personal quarters.

Audit Comments

FILP (return)

Real Property

10. KUBARK regulations require that the following documents be on file for quarters leased under []

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a. Current leases or other indication of terms of the lease

[]

b. Statement setting forth responsibilities of the Organization and the employee with respect to quarters leased Paragraph 5b(3)).

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c. Declaration of Trust covering leased property Paragraph 4b).

d. Copy of Form 360 - Foreign Real Property Report Paragraph 3a(4)).

[]

e. Written approval by the Responsible Field Official to exceed Standard Quarters Allowances []

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Our review of real estate files disclosed that many signed documents are missing. Action should be taken to complete the real estate files.

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Audit Comments

Telephone expenses

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19. The previous audit report, paragraph 29, stated that no responsible employee checks details of long distance phone calls from sterile phones located in the [redacted] recommended that this be corrected. The Station's reply indicated that these bills are now being reviewed by the General Services Officer for this and other purposes and that instructions have been issued that these phones are not to be used for personal calls. In a discussion of this matter during the course of the audit, station officials stated that they felt this was sufficient and that it would be too much work (for the amount of money involved) to require branch chiefs to certify on the bills that all distance phone calls were for official purposes. The auditor is inclined to agree with station officials. However, since the instructions issued were oral, it is recommended that they be put in writing in the form of a Station Directive or Memorandum.

Real Property

50. In the previous audit report, paragraph 37, we discussed the incomplete condition of the [redacted] files and records of property leased under [redacted] and recommended that the files be brought up to date and maintained on a current basis in the future. During the course of the current audit, the [redacted] was in the process of updating these files and records. At the date of this report, these files were in good shape and contained virtually all the required documentation except copies of the Chief of Station's authorizations to exceed the standard quarters allowances. In past years, these authorizations have been maintained in the [redacted] files. Recently,

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the [REDACTED] started retaining one copy for its files. It is recommended that the [REDACTED] obtain for its files copies of all Chief of Station's authorizations to exceed standard quarters allowances and the few other missing documents disclosed by our audit, if not already done. Details of these missing documents will be made available upon request.

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51. The previous audit report, paragraph 39, pointed out that [REDACTED] was not being compiled with. This Directive prescribes the procedure by which operational real property (safehouses) will be obtained, maintained, disposed of, and reported. It prescribes certain records and files to be maintained by the [REDACTED] based on information furnished by case officers. The current audit disclosed that virtually no improvement had been made in this matter during the audit period. We discussed the problem with [REDACTED] officials and, as a result, the General Services Officer designed a new safehouse data sheet which he sent to all case officers with requests for the required documents. It is too soon to determine whether this action will produce the desired results. During the next audit, the matter will be investigated thoroughly. It is hoped that the files will be complete at that time.

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